FOA Southern California

Perspective

SECOND QUARTER 2010

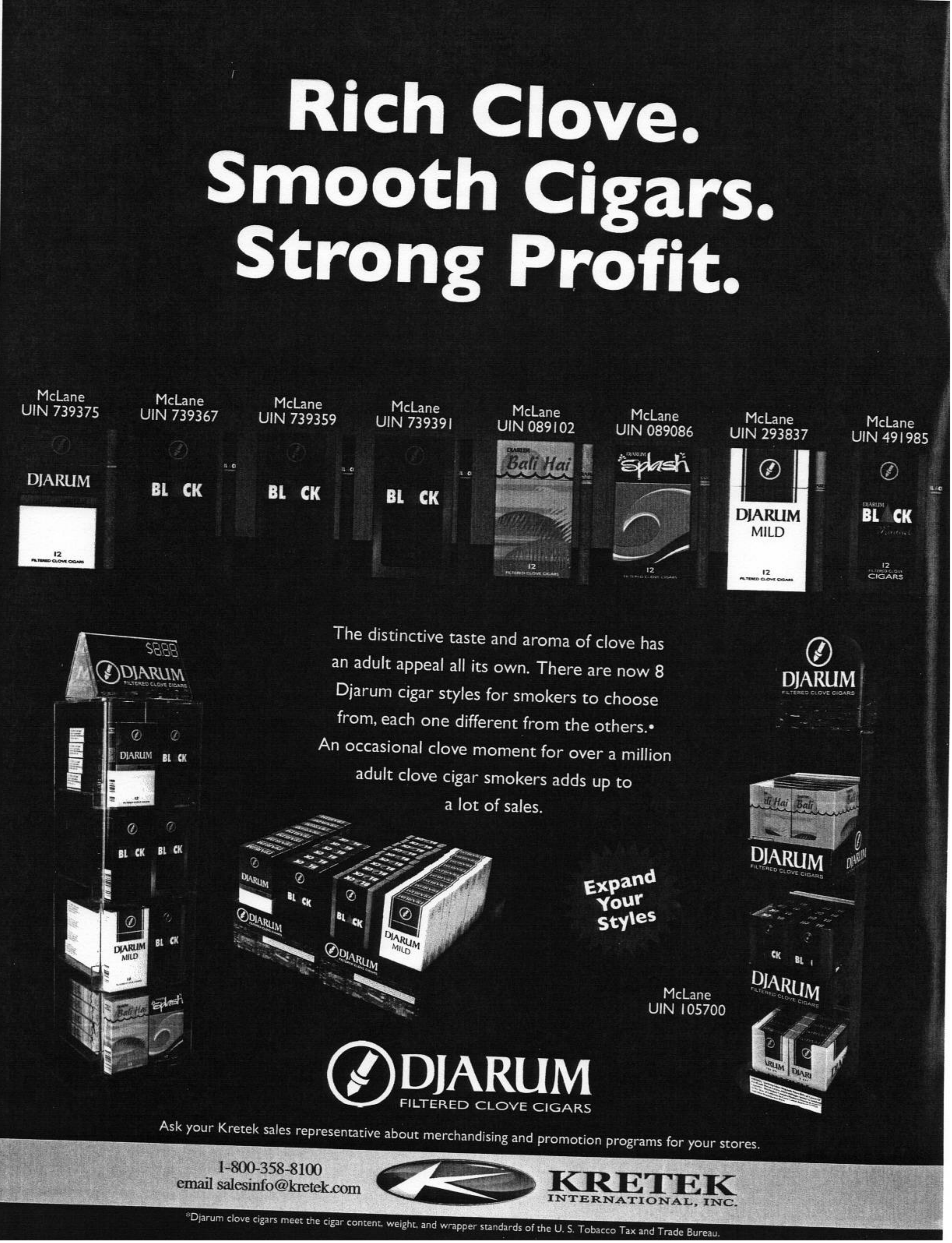
Unity | Profit | Communication

A publication of the 7-Eleven Franchise Owners Association of Southern California • "The Largest FOA in the USA"

Featured in this Issue

7 ELEVEn ®

Promises ?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Southern California

"The Largest Association in the USA"

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Perspective is published quarterly. The publication staff welcomes comments, story ideas and viewpoint articles from Perspective readers. The editor reserves the right to edit all material submitted for publication.

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PERSPECTIVE

'The capacity to view things in their true relations or relative importance and to view your own task in a larger framework'

We chose to name our publication 'PERSPECTIVE' simply because of its traditional meaning. It seemed to encompass in one word the overall philosophy of the small group which formed our Association way back in the early seventies.

Today it stands the "test of time" maybe more so.

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Perspective Magazine
7-Eleven Franchise Owners
Association of Southern California

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TBD

November 18:
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TBD

December 5:
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TBD

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Southern California

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Advertiser Index

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7-ELEVEN FOA Southern California

"The Largest Association in the USA"

THE PROMISE

At a meeting in 2008 SEI made a presentation to members of the Presidents Leadership Council that the current method of delivery of products by vendors to our stores was costly and inefficient. Too many trucks were coming to our stores and deliveries during the day were disrupting the shopping experience of our customers. Above all it was too expensive. SEI said they had no choice but to change the way we do business. It is a matter of survival. The answer was Business Transformation. It would consolidate distribution, like having similar product on one truck, delivered at night at lower cost.

Later that year a presentation was made to a large group of franchisees in Los Angeles giving us some insight as to how BT would work and how much money franchisees would save. The projected savings amount given was $13,046. SEI and the Franchisees would each get $4,569 per year, or $12.52 per day, with vendors saving $3,906. Since deliveries would be made at night, the franchisees would have to put the products away at an additional cost of labor. Later, SEI revised the income and projected a 10% increase in savings or $10,000 before expenses. SEI told us that they would implement a "pilot" in four markets in the Southwest Division for a six month period. During this six month period, SEI would monitor the "pilot" and see if it was profitable. If the "pilot" was found not to be profitable, it would be terminated. However, a few months later at a PLC meeting one of the top SEI executives declared that BT will "fail over his dead body". So we know come what may, whether profitable or not to the franchisees, BT is a winner from SEI's point of view.

For the last two years the franchisees in the markets that are in the "pilot" have been given extensive training to get them ready for BT. It was implemented in 5 stores and an additional 68 stores were added a few weeks later. SEI told us that every thing was going well. Then 200 additional stores were added. Most people know what happened next.

Deliveries were late, sometimes not showing up at all. Increase in payroll expense to the franchisees and loss of income. Drivers were sent out without adequate training. Pallets were mixed with liquid and grocery on the same pallet. At the consolidator the pallets that were shown to have four wheels, the pallets that came to store had two, making it very difficult to move around. Candy melted due to inadequate refrigeration. No lights inside the trucks made it difficult to find the right order for the store making drivers use flashlights to locate the order. Some stores did not receive any water. In fact the consolidator had hundreds of cases in the warehouse. Deliveries that did show up after 24 hours of waiting, did not have an invoice and the franchisee had to create an invoice manually. A time consuming process that took time away from providing customer service for our shoppers. SEI blamed the hot weather for all these malfunctions. On the other hand, the stores that were not in BT received all their product on time and without any delay.

This reminds me of the time when 7-Eleven opened the Southland Distribution Center in San Bernardino. It did change the way we received groceries and liquid. Prior to that, Orange Empire was the supplier. When their truck arrived the Franchise accepted the delivery from the back of the truck, and wheeled it inside the store, SDC brought all the product Inside and placed it where we asked them. We were told that when BT came the driver would roll pallets with liquid inside the vault and not leave them out on the sales area. SDC was sold to McLane who is still today they are our major vendor. Is BT a reincarnation of SDC?

I am sure that SEI is working at top speed to correct the mistakes and probably will do it some time in the future. In the meantime the Franchisees are incurring a lot of extra expense on labor, which in turn is affecting their income. There is and always will be two sides to every story, SEI's and the Franchisees. SEI has declared BT a success where as the franchisees find it labor intensive, time consuming and not what they expected. Most of the franchisees that I have talked to tell me that not only are their sales, gross profit, and income down but that they spend more time on reports and comply with various restrictions being put on them by SEI. They are a group of unhappy people.

If SEI is really serious, which I know they are, to make BT profitable, they should consider slowing down the expansion until they have perfected and taken all the bugs out of the operation. Bring the cost of goods down, and not manipulate (adjustment as referred by SEI) the bill-backs to show profitability at the bottom line and let the franchisees declare that BT is profitable. SEI will have no problem for franchisees willing to join in. If in fact it is not a money making venture for SEI and franchisees I ask SEI to KEEP THEIR PROMISE.

Karam Dhaliwal
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FOA Southern California

"The Largest Association in the USA"

The 24nd Annual Joe Saraceno Invitational

Our Annual Golf Tournament was held August 9, 2010 at The La Canada Flintridge Country Club. Wow!!! What a success it was!!! We had 148 golfers participate in this years event.

We would like to thank all of our vendors who participated in this years event with special recognition to Anheuser-Busch for being our Presenting Sponsor. The tournament would not be possible without all of your support and participation.

Our FOA has based this event not only as a day of entertainment and joy but also to fund the 7-Eleven Franchise Owners Association of Southern California Scholarship Fund implemented by Joe Saraceno. 100% of the monies raised during this event goes to this program. *We are the only FOA to have a program of this kind.* First developed in 1983, the Scholarship program initially awarded one $4000 four-year Scholarship plus two $1000 grants. Today our Scholarship program has grown and expanded in the dollar amount awarded and in the number of recipients receiving the awards. *Over a quarter- million dollars* to date have been awarded to an extraordinary group of talented and dedicated young people who have all used their award to good advantage. Our past recipients include doctors, lawyers, engineers, and teachers. We are proud to share in their accomplishments. As the success of the Tournament increases, our Scholarship awards increase. Your presence at our annual golf tournament not only means a lot to us, but also to our children and grandchildren. Also, I am very happy to say, we have expanded the program to include employees and the children of employees of association members. Your participation assists them in fulfilling their educational dreams.

Lastly, I would like to thank our members who took time out of their busy schedules that day to help us with this event. They were Noel Ibardolaza, Rajeev Walia, Dianna Feeley, Nancy Shearon, Johnny Teng, Jawad Ursani, and Rimjhim Bhatia.

Thank you to everyone who made this another successful tournament. See you next year for the Silver Anniversary of our tournament.

Gunu Singh
Treasurer

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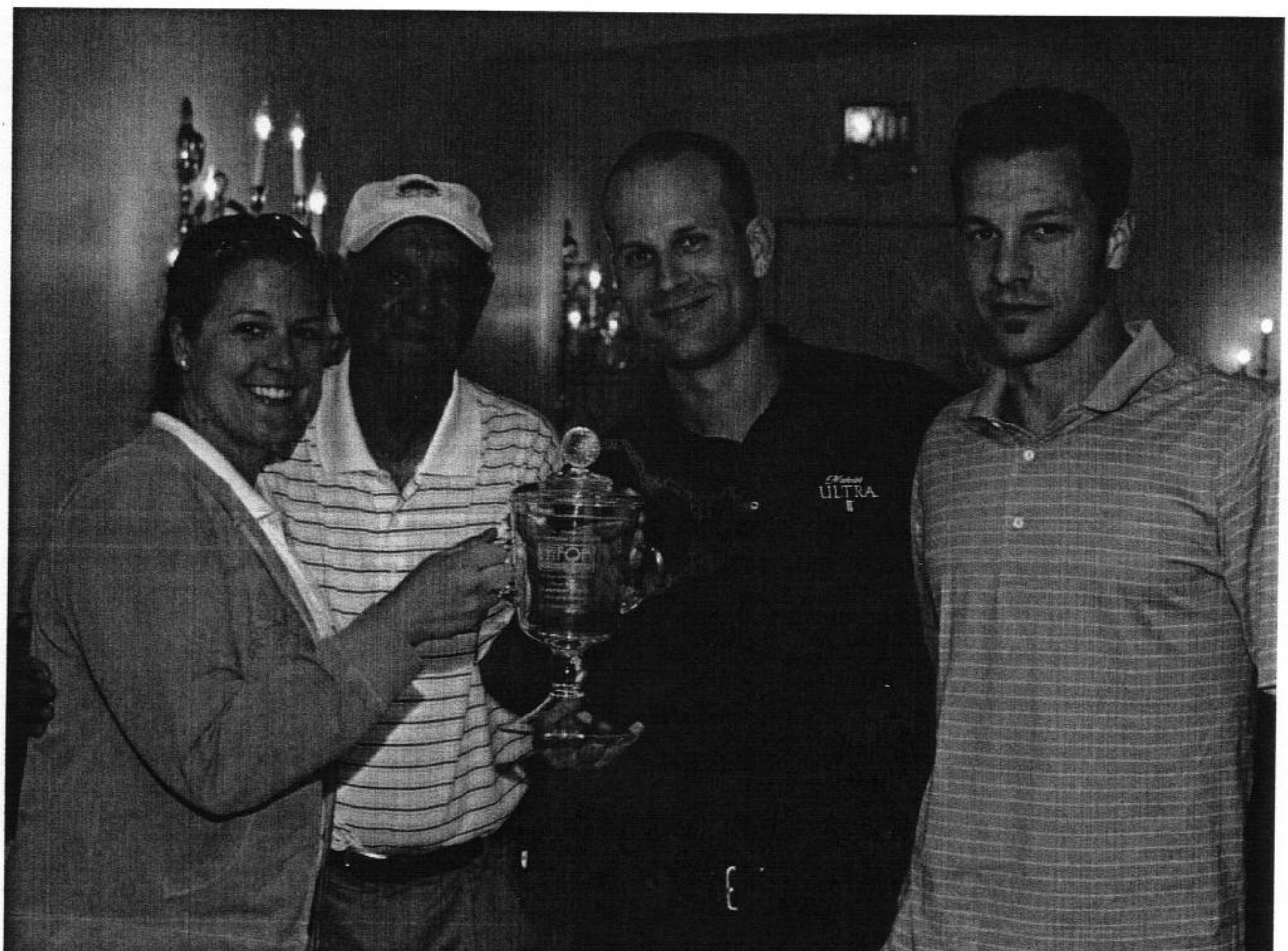

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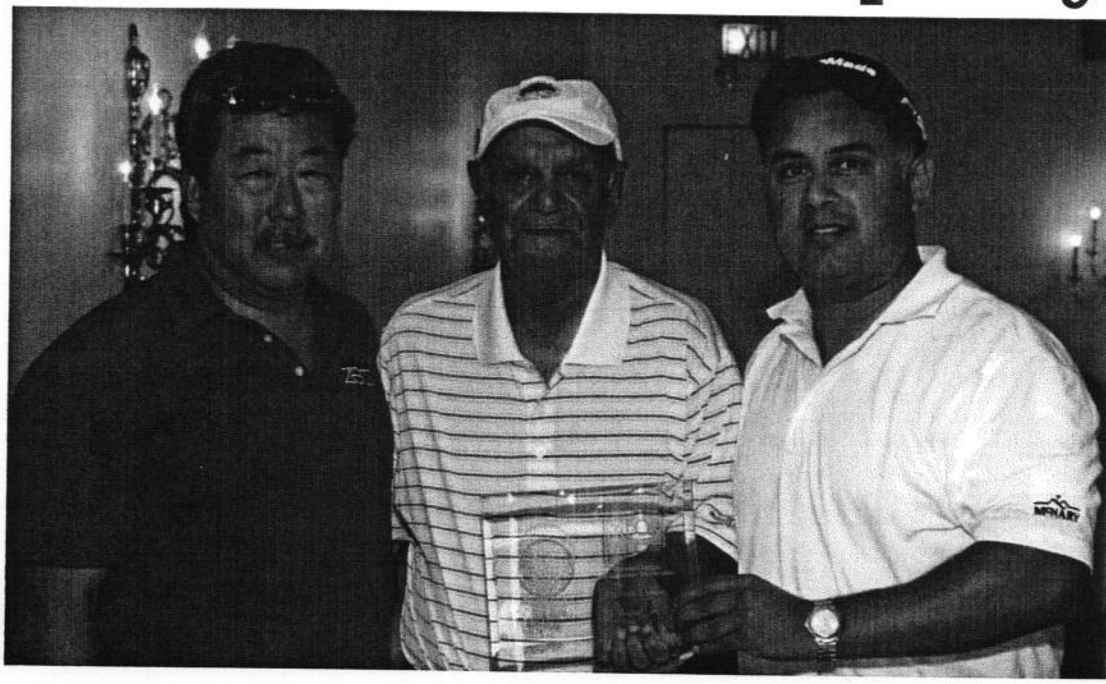

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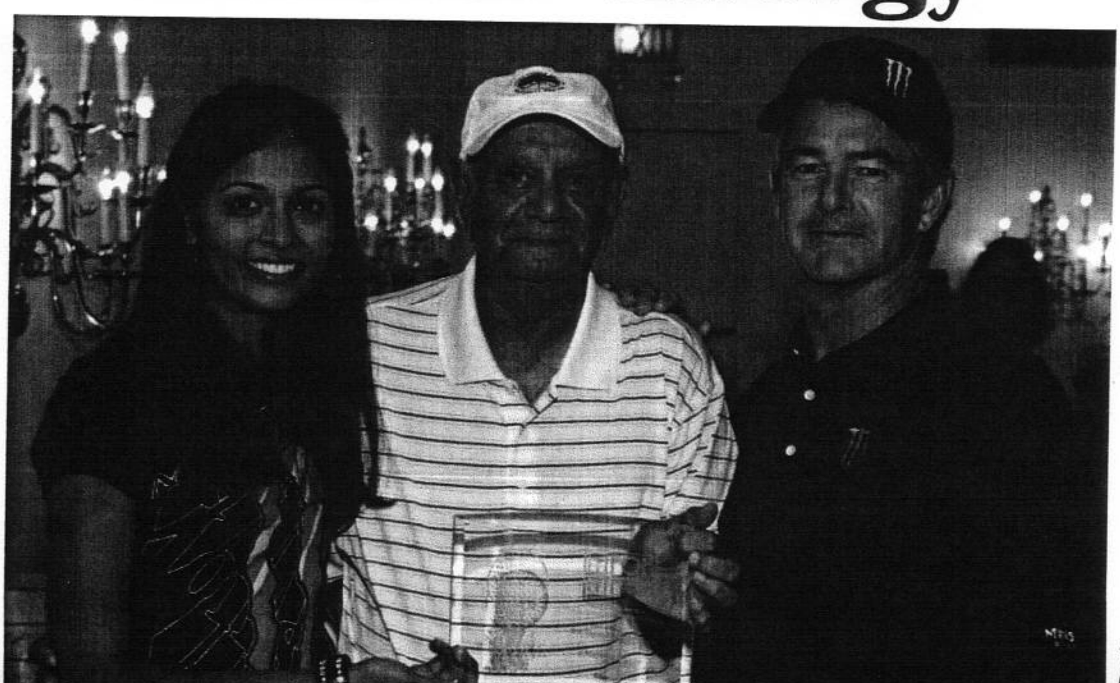

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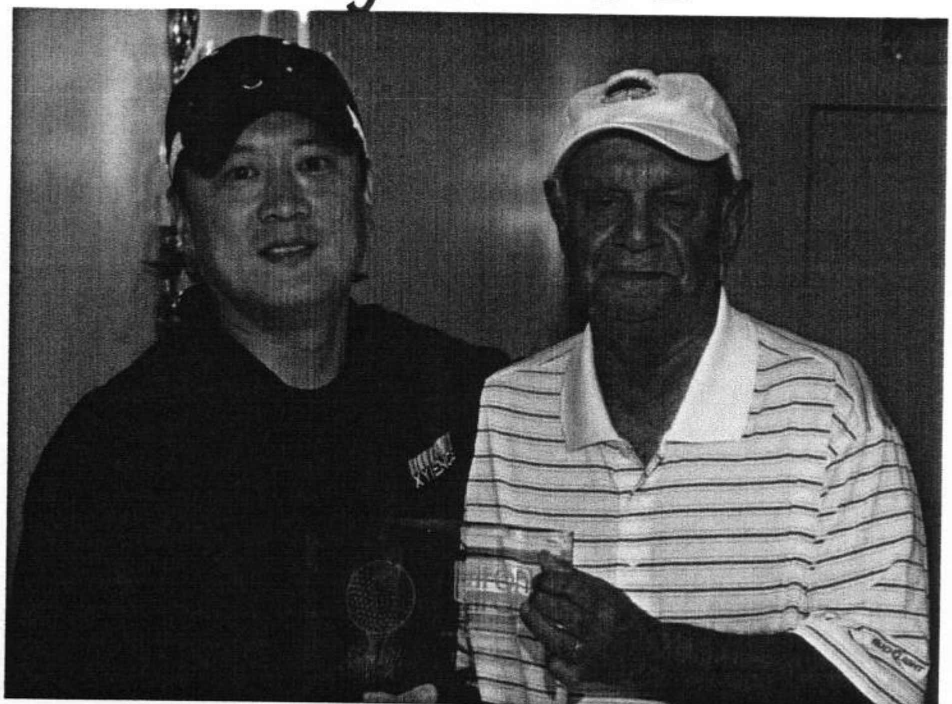

Applications Are Now Being Accepted For
The Joe Saraceno FOASC Scholarship Program 2010-2011

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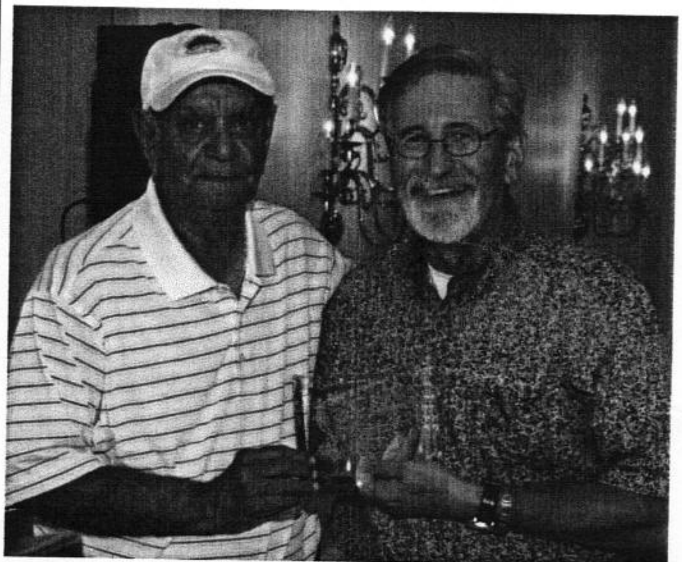

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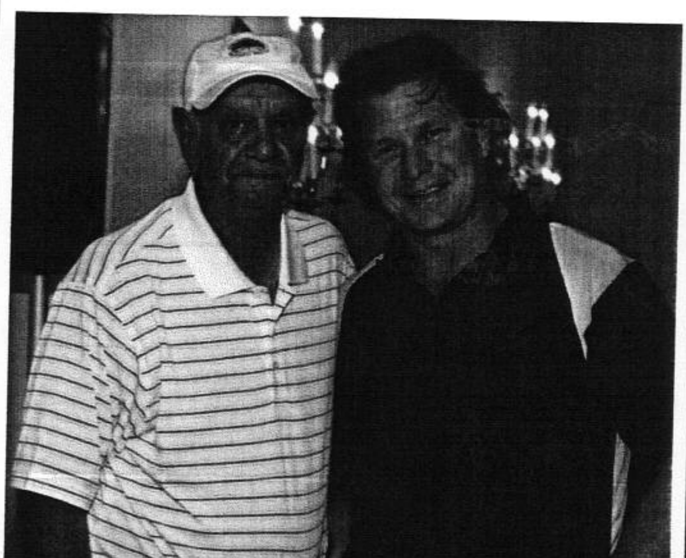

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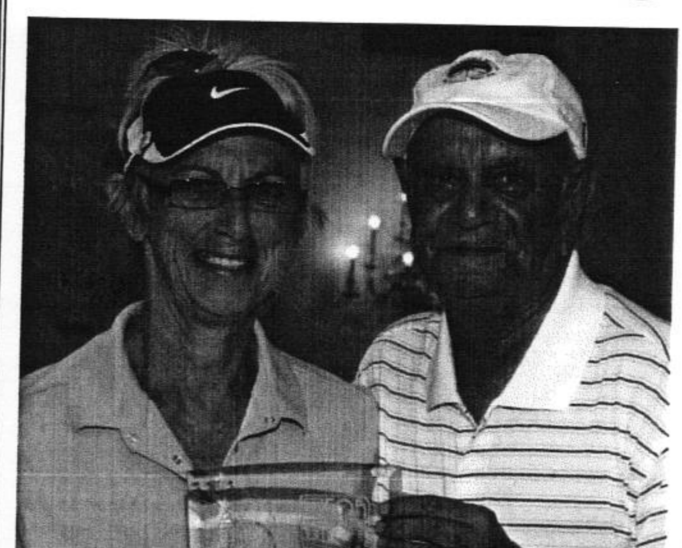

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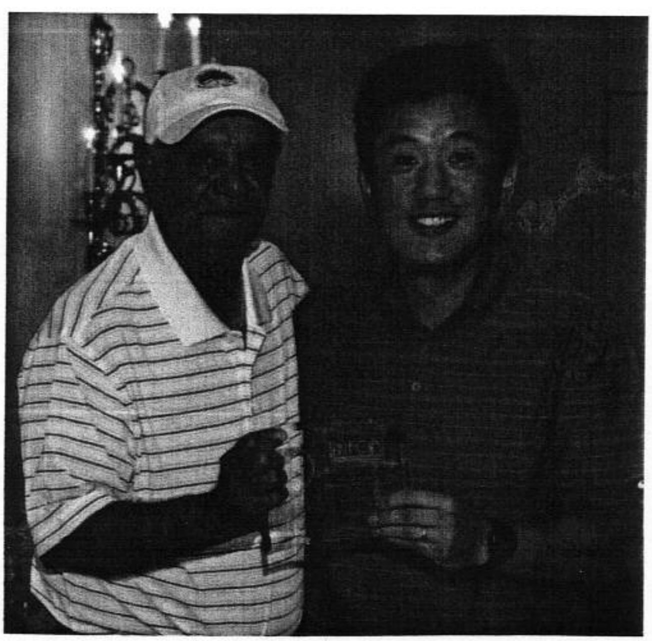

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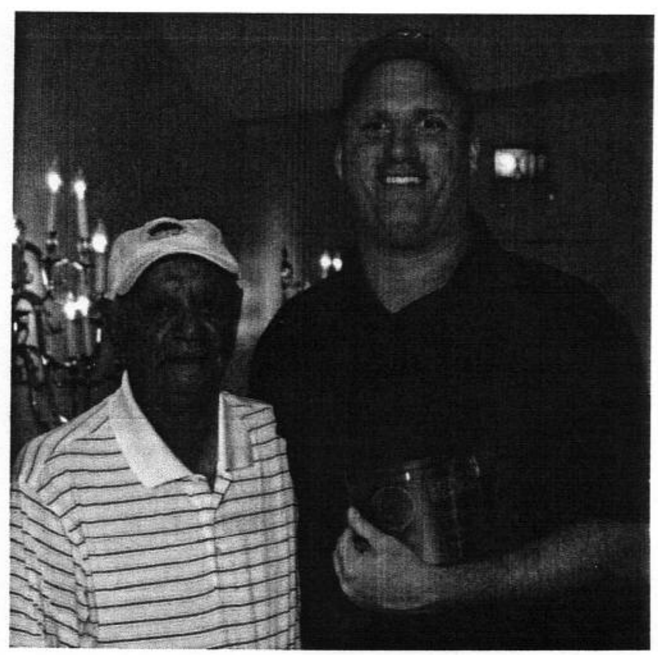

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Eddie Chacon
Richard Hastings
Nick Bhullar

FOA Southern California
"The Largest Association in the USA"

2nd Place
Team McLane

Jerry Rose
Tai Byun
David Davis
Gary Johnson

FOA Southern California
"The Largest Association in the USA"

3rd Place
Team Anheuser-Busch

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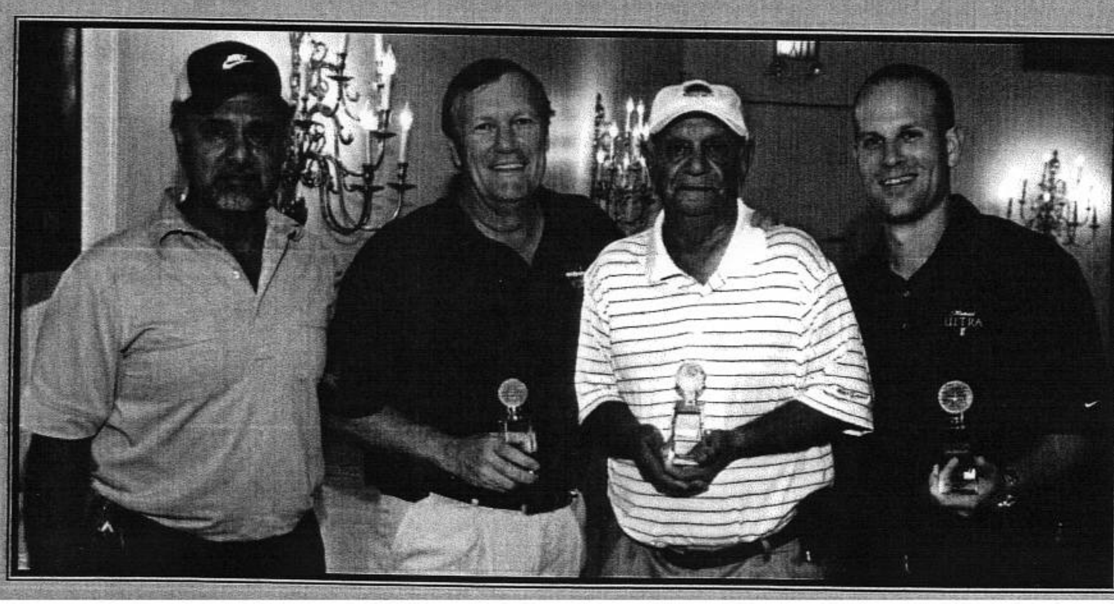
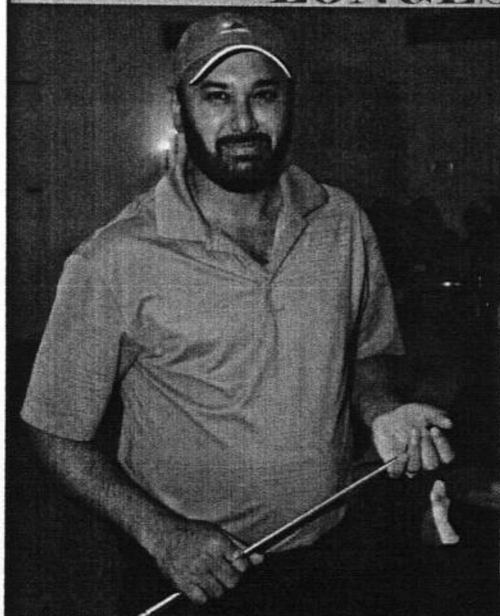
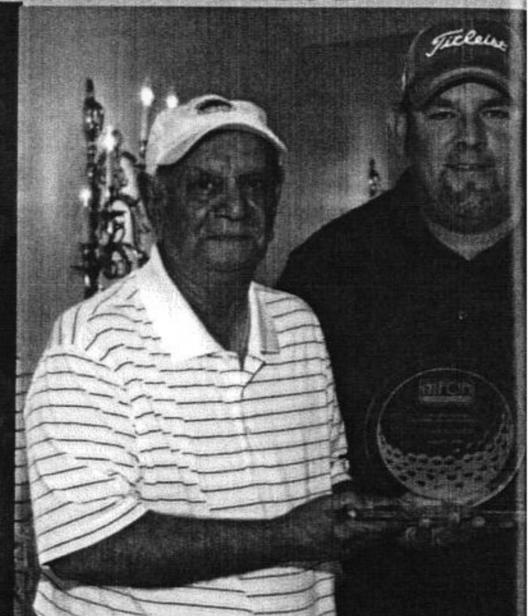
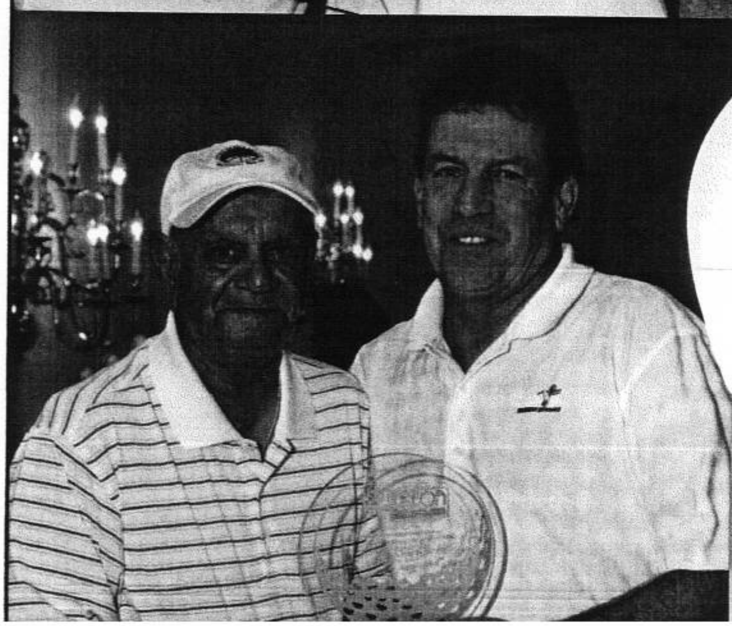
Bruce Maples
Sunny Bhullar
Greg Sollazo

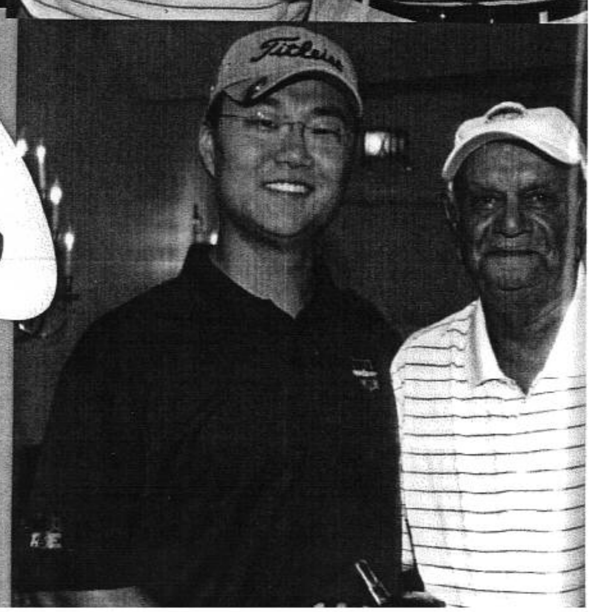


WINNERS - CLOSEST TO THE PIN
LONGEST DRIVE - PUTTING CONTEST









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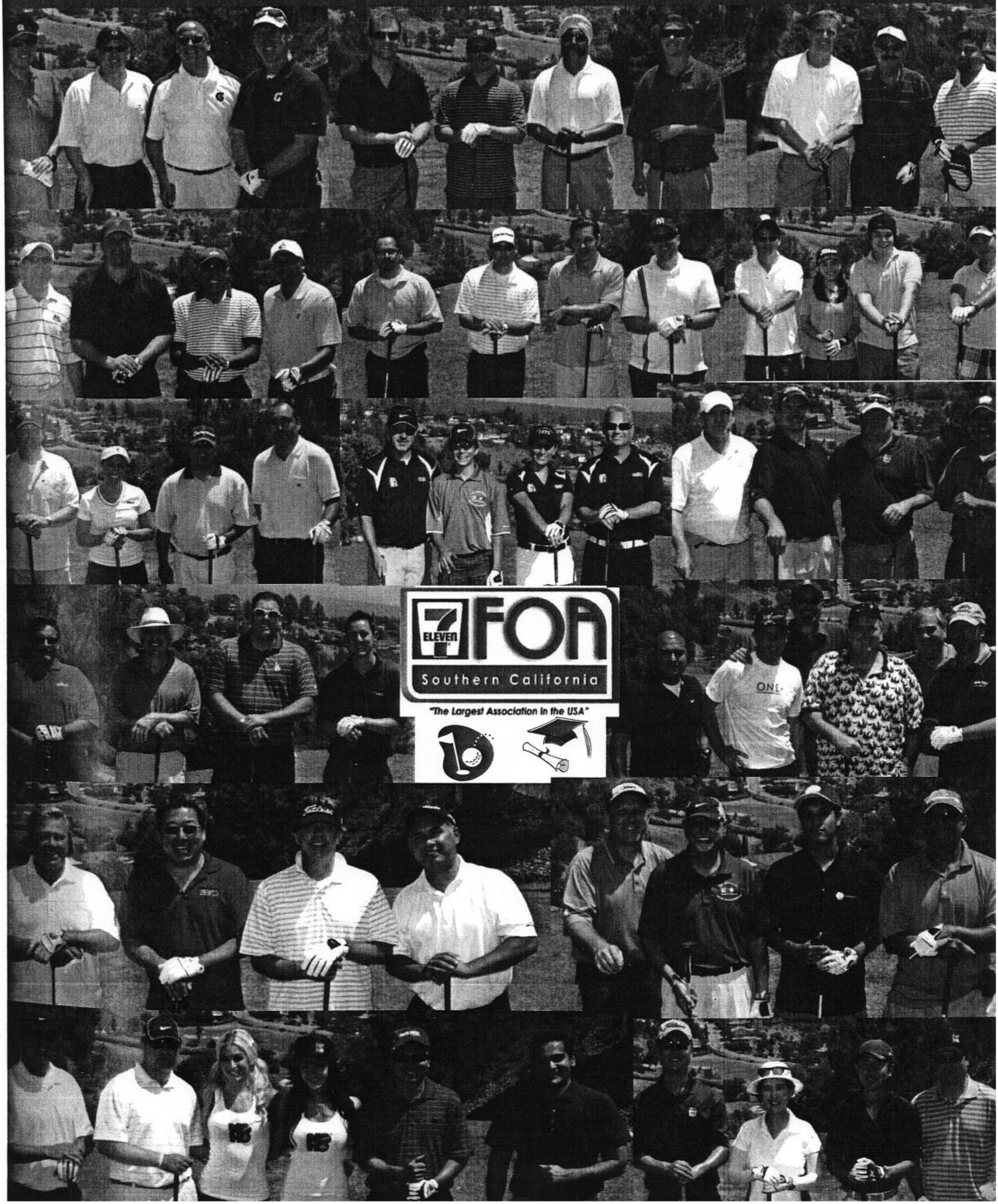

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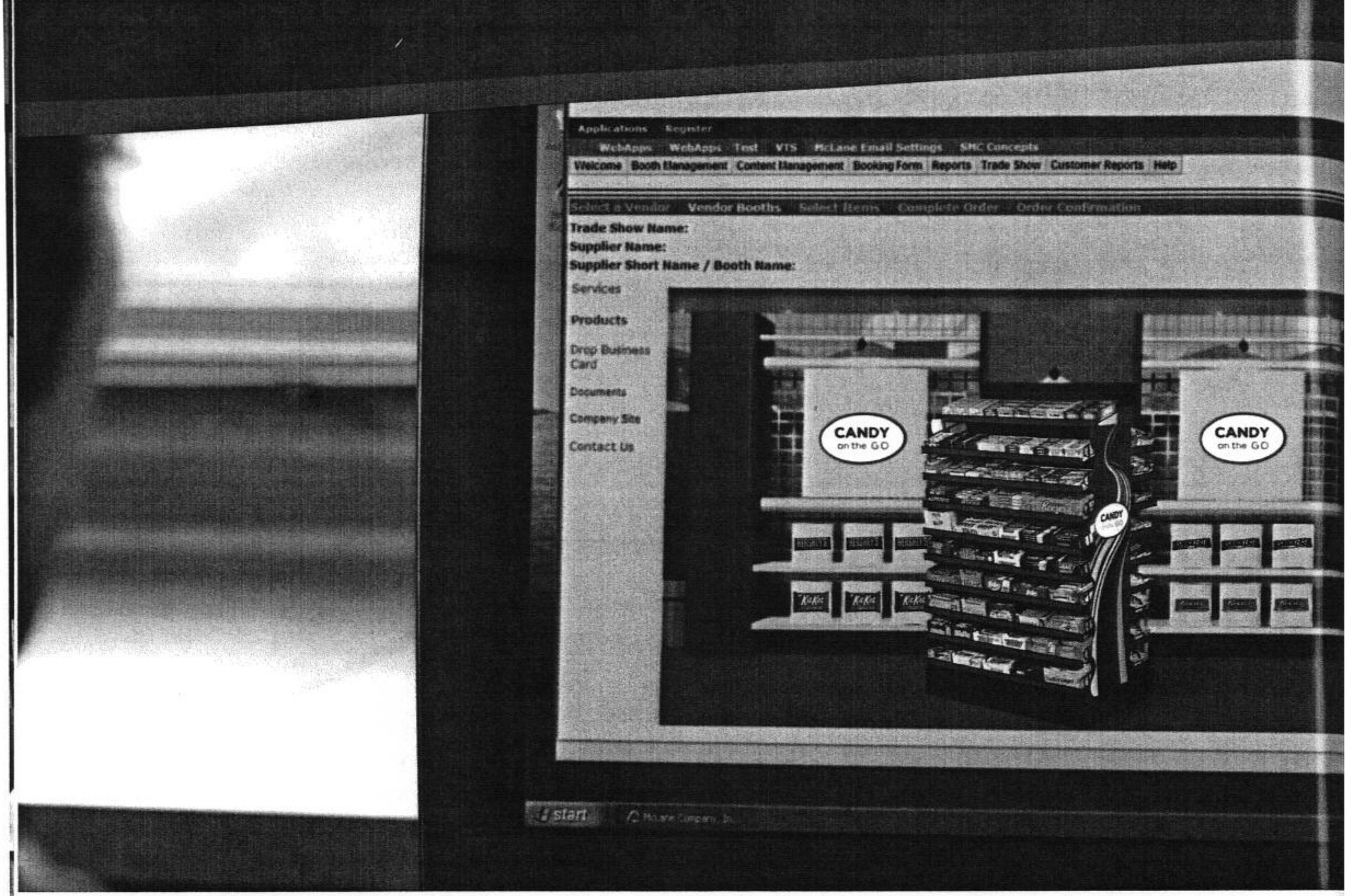

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Notes from Ser-Vis-Etc. LLC's Newsletter

And BT Goes On, and ON

On August 4, a group of Franchisees met with the SW Division BT team and two corporate BT managers. The Franchisees had 12 Delivery Quality issues, 6 Communication issues, 7 Process issues and 1 Accounting issue. The corporation responded with their existing Action Plan of 6 issues to overcome.

My take, after reviewing notes I received from a friend, they will fix most of the initial issues because they have to. They cannot continue to deliver melted candy and 9-pack cartons of cigarettes. They can deliver late but they must deliver before the system prevents scanning the delivery. Those of us who remember McLane and Core-Mark having similar issues know that improvements will happen when Exel, the consolidator, improves the number and quality of its help.

I see two problems that are not addressed and perhaps never will be addressed, the costs of consolidation for the company and cost of the process to the store. The underlying cause of many of these initial problems is a complicated version of the problems that Franchisees are seeing with the new audit service WIS. The vendor comes in with a low bid based on unreal expectations. WIS based their price on two auditors completing two audits with travel time in an 8 hour day. Their test audits allowed estimating and other shortcuts to make this happen. The system broke down when Franchisees would not allow the shortcuts. Exel broke down when the first warm weather arrived. They did not have enough people or product to handle the increased demand. Fixing the delivery issues and process issues will be easy but not cheap. Already, Franchisees are finding their COG higher than before BT; these fixes will increase the costs even more.

The store labor costs for BT are climbing with each problem and not going down with each solution. Honor Check-in broke down the 1st time the FCs came around with a list asking Franchisees to pay for items ordered that were not checked in. It was a case of trusting the Exel process more than the store process and employees. McLane has a process for miss-picks because they happen. Now with BT, they do not happen because there is no process to return unordered items.

When I visited stores in the three BT markets, most stores had stories about discontinued items. The items ranged from HABA to flavors of Arizona Tea. Before BT, the stores had relatively simple procedures to get non-recommended items that their customers wanted. The process has become more complicated if not impossible under BT, particularly when the store is transitioning to the consolidated deliveries. The reality is that most stores are eliminating some if not all the fringe items that cannot justify the extra work required to carry them. The lost sales from eliminating items to help the consolidation process are another cost of BT that the stores and 7-Eleven will carry.

An early victim in the BT rollout was a better Cost of Goods. Now it is accepted that COG does not have to improve for BT to be a success. The very first of the Five Fundamentals has always been having what your customer wants. The very foundation of Retailer Initiative is

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having what your customer wants. Stores within two miles of each in Los Angeles can have needs as varied as Steel Reserve and Stone Pale Ale, lard and I Can't Believe It's Not Butter! Is this fundamental of store initiative going to go under the BT steam roller?

Surviving the Blame Game

7-Eleven employees are under a tremendous pressure to change your fundamental product distribution structure. There is only one goal for 7-Eleven Inc. in Southern California, get BT up and running. Blame rolls downhill. Management will not take the responsibility for problems implementing weak plans. Ask any BT store owner who is being blamed for most of the bumps in the road. When Coke was delivering, models needed to be low and Coke need to meet the demand of a sudden change in weather. When Exel is delivering, models need to be high enough to soften the peak and the store is responsible for not for seeing weather change peaks.

Franchisees have to walk a tight rope to survive let alone prosper in the constant search for someone to blame. I believe that a careful approach will let most of our clients survive with their dignity and financial health if not wealth. You can say yes to every "just work with me on this" presented by management but the reality is they will not be around to say "sorry" when you fall below equity. There is no money for AQIPs and some basic repairs. There is money for a new BCP down the street providing another stop for the consolidator. I do not believe that it is realistic to expect a reasonable return by just saying yes to everything your FC presents. Work under the assumption that you will want to say no at some point.

Document everything using pictures, email and printouts. This month, I received two calls from Franchisees who saw their Cleaning Scores drop over 10 points for reasons unrelated to cleaning. The FC doing cleaning inspection knows that he needs to please his MM to get a promotion. It is human nature to walk away from a good score or a good audit and not worry about the details. It is also human nature to want to please your boss. Take pictures of the details on the good scores. You might find that the time you have a 60, you can show that the "problem" was the same on the day you had the 80.

Email, do not call, about problems. 7-Eleven Management and Field Consultants respond to a paper trail. Email is easier for your MM; they can pass it along to someone else without having to rewrite or really think about the problem. This works best with issues that are not the MM's problem i.e. maintenance / accounting. It is necessary when you want a commitment delivered. I know that texting is convenient for everyone but can you document a text message?

The stores were blamed when the BT delivery system crashed in the summer's first hot days. The stores that had printouts of their last 4 weeks of Coke orders were able to show that it was not a store problem.

Contact: Norm Winslow (559) 251-0717

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WHAT HEALTH REFORM MEANS FOR YOUR 7-ELEVEN

By John Barbot

PURPOSE FOR THE HEALTH REFORM

Recently, President Obama signed into law HR 3590- the Patient Protection and Affordable Care Act. This sweeping reform law includes many provisions that will impact both employers and employees. The main goal of this reform that will take effect in 2014 is to increase the number of insured individuals into the current health system. The delivery system will be changed. Individuals will be able to purchase through an employer or buy coverage on their own. Subsidies will be provided for those that qualify. It will take eight years to fully implement the plan.

REQUIREMENTS

1. 1. Individual requirements.
   a. By 2014, the new law will require individuals to purchase health insurance coverage or pay a tax penalty. The penalty, which is phased in, starts at $95 or 0.5 percent of income, and increases to $750 or 2 percent of income in 2016. The penalties for families would be capped at $2,250. Religious and hardship exemptions will be available.

1. 1. Employer requirements (50 or more employees) all others are exempt.
   a. By 2014, these employers must provide minimum health benefits as outlined by the law or pay $2,000 penalty per employee. Part-time employees will be counted toward the 50 employee threshold. The penalty would be assessed if even one employee receives a subsidy to purchase coverage because the health plan offered by the employer is considered "unaffordable" to the employee or if the health plan has actuarial value of less than 60 percent or pays less than 60 percent of covered health care expenses.

TAX CREDITS 2010-13

1. For companies with fewer than 25 full-time employees and with an average wage of less than $50,000 or less, and the employer pays a minimum of 50% of their employees coverage, they can earn a credit of 35% of the premium paid; this will increase to 50% by 2014. The credit will be claimed on the business tax return NOT the employment tax return.

INSURANCE MARKET REFORMS

1. Effective in 2010, the new law requires insurance plans: (a) to provide coverage to any individual who requests insurance; (b) it prohibits denials based on preexisting conditions;

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(c) premiums will be based only on tobacco use, age, family composition, and geographic location; (d) employers that purchase coverage through a health care exchange will be included in these protections; (e) dependent coverage for children is increased to age 26; (f) the elimination of annual and lifetime dollar limits on coverage.

NEW TAXES TO PAY FOR BILL

1. 1. By 2011- Earned income Medicare tax will increase from 1.45% to 2.35% on individuals earning over $200,000 or couples over $250,000.
2. 2. By 2013- individuals earning more than $200,000 a year or couples earning $250,000 or more would be hit with a 3.8% surcharge on investment income.
3. 3. By 2013- contributions to flexible savings accounts will be limited to $2,500 per year.
4. 4. Income threshold deduction for unreimbursed medical expenses will increase from 7.5% to 10% for those under 65.
5. 5. The hospital insurance tax will increase .9% for those earning more than $200,000 ($250,000 for married filing jointly), and it includes net investment income.
6. 6. A 2.9% excise tax on the first sale of medical devices will be established. Exceptions are eyeglasses, contact lenses, hearing aids or other items for individual use.
7. 2018, "Cadillac" tax will become effective. The levy on high-cost insurance plans would apply only to the portion of plans costing more than $10,200 a year for individuals, up from $8,500 and $27,500 for families up from $23,000.

Health Insurance Exchange to be created in 2014.

1. A Health Insurance Exchange will be created.
   a. a. Currently, small businesses face not only premiums that are 18% higher than large businesses pay, but also face higher administrative costs to set up and maintain a health plan. The solution is to develop the Exchange. Coverage bought through the exchange will have lower administrative costs and thus lower premiums.
   b. b. Coverage will be offered that would meet the government's minimum requirements in order to take advantage of the tax credits.

CONCLUSION

Multiple store owners with 50 full-time employees will be required to purchase health coverage in 2014. More changes are pending. We will keep you informed.

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Small Business Insight:

Accurate Up-to-date Personnel Files Provide Protection When Faced With Litigation

It is only a question of time until an employer will be sued over a personnel issue. But keeping accurate, up-to-date, consistent personnel files can help mitigate the damage.

"Many employers don't realize the importance of personnel files until the files are requested or subpoenaed for employee legal matters," says Thi Ha, human resources generalist at CPEhr, a human resources outsourcing firm.

The Society for Human Resource Management (SHRM) says there has been an exponential increase in employment related lawsuits in the last ten years. According to SHRM, companies are spending hundreds of thousands of dollars in legal fees. The spike in employee litigation is credited to new laws that were established in the early 1 990s, such as the American with Disabilities Act of 1990 and the Civil Rights Act of 1991. Employees are also much more educated and aware of their rights to sue an employer, because information about employee lawsuits is circulated throughout the mass media.

According to SHRM, The U.S. Equal Employment Opportunity Commission (EEOC) received 80,000 discrimination charges in 2004. The cost of settling an EEOC charge increased almost 79 percent since the early 1 990s. In addition, the median jury verdict in employee litigation as of February 2006 was $250,000, nearly double the average award in 1997.

"Personnel files are a historical time-line of an employee's life cycle from hire to termination and will be useful when referencing current or ex-employees" says Ha. There are key policies and practices that should be put in place to ensure that the proper creation and maintenance of personnel files are followed throughout the organization. Regardless of size or the nature of the business, all organizations that have a staff of employees should maintain personnel files.

Establish Policies and Procedures:

Establishing and enforcing a policy that addresses the management of personnel files is the first step to ensuring integrity to the process. A clear written policy must be detailed in your company's employee handbook. The policy may include how your employee files comply with applicable state and federal laws, securing employee files and the kinds of information that may be found in them (e.g. signed copy of updated employee handbook, information about pay rate, job change, job status, and performance appraisals) and finally, the process of how current or ex-employees may gain access to their personnel file.

Comply with applicable state and federal laws:

There are many employee documents that are required and must be retained for various lengths of time, including employee health records, benefits data and affirmative action documents. Many of these employee documents are required to satisfy such laws as Title VII of the Civil Rights Act, Fair Employment and Housing Act (FEHA), Americans with Disabilities Act (ADA) and The Fair Labor Standards Act (FLSA). "As a rule of thumb, employee files should be maintained through the entire employment lifecycle and housed for seven years after the employee has terminated," says Ha. This will protect the organization in the event that files are requested or subpoenaed for employee legal matters. The Department of Labor is an excellent resource to find out what federal employee documents are required to be retained, along with length of time.

Ensure Privacy:

To insure privacy and security, employee personnel files should be housed in a locked file cabinet with access limited to the human resources manager. For practical purposes, terminated employees' files can be retained separately.

Many organizations require advance notice in writing from current and former employees who are requesting the review of their employee file, within a specified time frame. Once a time is scheduled for the employee to review their file, a supervisor or human resources manager should be present. Employees have a legal right to see their files, but may only have physical copies of the documents that include the employee's signature.

As a practice, human resources managers should track when information is released (photocopied and given to the em-

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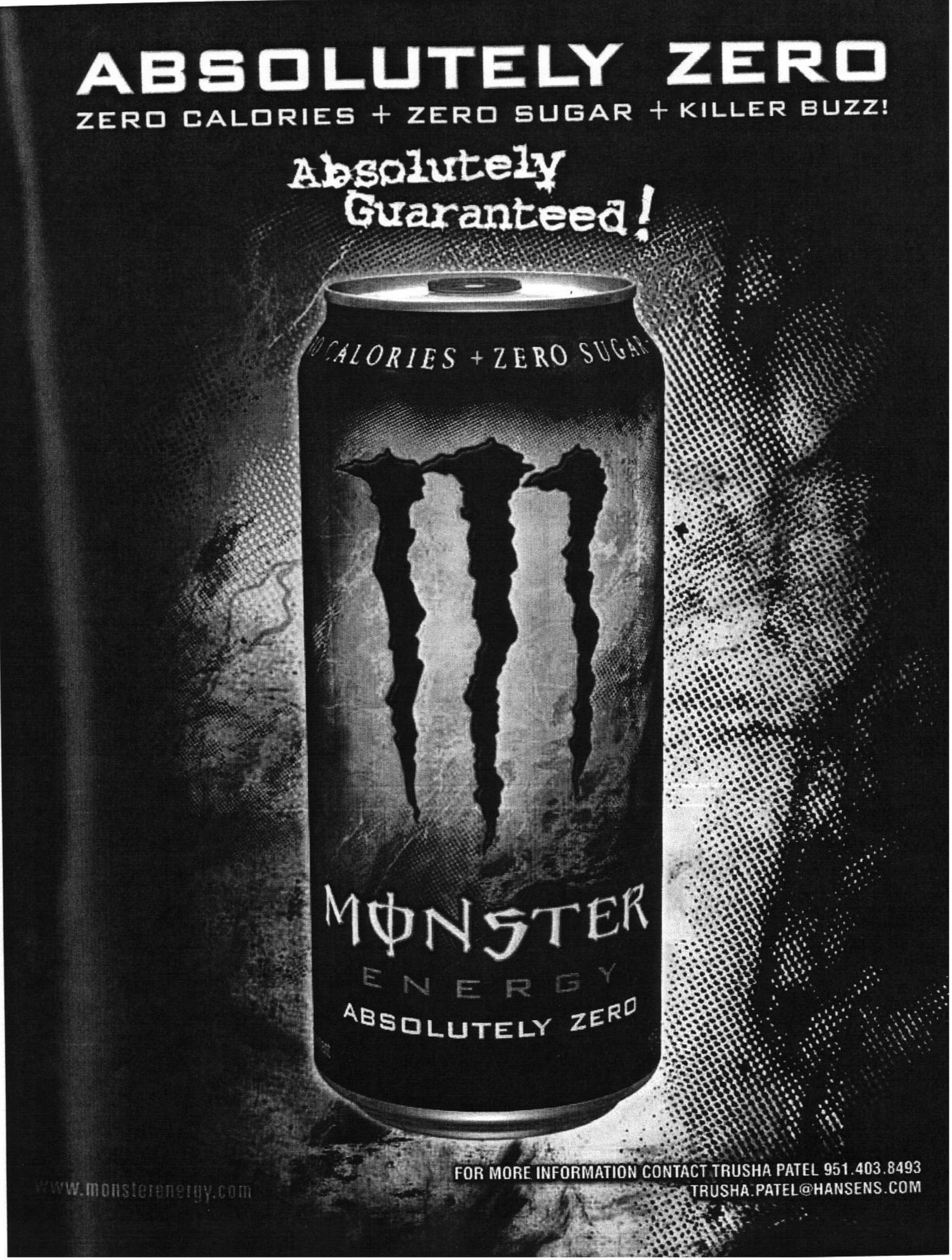
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ployee). This can be a separate log that is included in each employee file that documents the date, time, specific information released and the initials of the human resources manager that released the information. Never compromise the integrity of your files by releasing actual employee signed documentation; a photocopy will suffice.

It is equally important to establish a privacy practice for employees who currently work within the organization, as it is for ex-employees. This will minimize adverse action by a manager that, if exacerbated can lead to a charge of discrimination. For example, if a manager reviews the employees' medical information and finds out that their employee suffers from an illness that prompts the manager to act differently towards the employee then this may become a discriminating act by the manager based on the medical information that they reviewed. Or, a manager may find out that their employee is undergoing payroll garnishments and begin to make unfair judgments about their employee's performance which in fact has nothing to do with the garnishment. To avoid such inadvertent acts, which can be misconstrued as unfair treatment of the employee by the manager, it is recommended that employers maintain a separate confidential file, as explained below.

Create Employee Files:
A simple uniform process in creating employee files will go a long way in maintaining organization. Ha recommends employers create two sets of files. The first set is standard individual files that may be accessible to both members of management and human resources. Each employee file should contain employee personnel information such as:

- Performance reviews
- Status changes (e.g. full-time, part-time)
- Job application
- Resume
- Emergency contacts
- Payroll records
- Personnel Actions - disciplinary notices, promotions and demotions, discharge, lay-off, transfer and recall.

The second set of files is confidential employee files that may only be accessed by the human resources manager. Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) employers are required to protect the privacy of employees' personal health-related information by adopting procedures to keep them private. The American with Disabilities Act (ADA) requires employers to separate all medical records including physical exams, medical leaves, workers' compensation and drug and alcohol testing. The individual and confidential employee files may also include information such as, wage garnishments, identification records, benefits information, first aid records regarding job injuries, reference checks, emergency contacts and drug and alcohol test records.

The only form that should be separate from both the standard employee file and confidential employee file is the Employment Eligibility Verification Form (I-9). These forms should always be kept in a separate file segregated from the others. An employer may have one I-9 file (unlike individual employee files) that includes all of the employees' I-9 forms. In the event that The Federal Department of Homeland Security requests copies of these forms, you can release copies of the I-9 forms while maintaining the confidentiality of the rest of the employee files.

Audit:
Annual audits by the human resources department of all employee files will assist in maintaining consistent information across the organization. In addition, the audit process serves as the first indicator of any discrepancies or missing information that can be immediately resolved.

Instituting appropriate practices with regard to maintenance of employee information will provide protection to management in the event of a challenge. It will also enable the organization to more effectively identify training, promotion and retention initiatives that can only strengthen its productivity, customer service, and growth.

Monique Stennis, CPEhr
mstennis@cpehr.com

About CPEhr:
Founded in 1982, CPEhr (www.cpehr.com)provides Human Resources solutions to over 15,000 worksite employees through a high-touch service and customized models. With corporate headquarters in Los Angeles, CPEhr is one of the largest, privately held Human Resources Outsourcing and PEO firms in the state. With almost 30 years experience, CPEhr has an advantage in its knowledge of statewide employment challenges, yet extends its personalized services nationwide.

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0 31700 90138 0	0 31700 90139 7	0 31700 90140 3	0 31700 90141 0

Attention all FOASC Members

Stay Connected---Don't Be Left Out

As of January 2008, the FOASC started sending out vital information relating to meetings, events, 7-Eleven, Inc., and vendors via e-mail to Member Franchisees.

If you have not done so already, please submit your e-mail address as soon as possible to President Karam Dhaliwal at

kmd1948@yahoo.com

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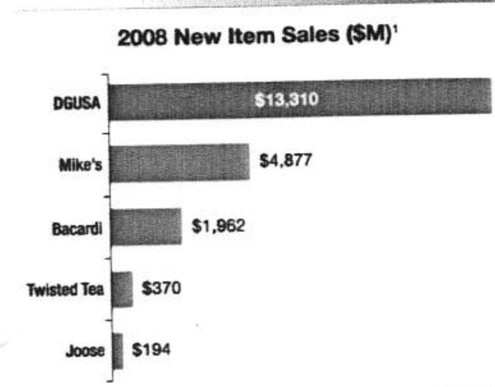
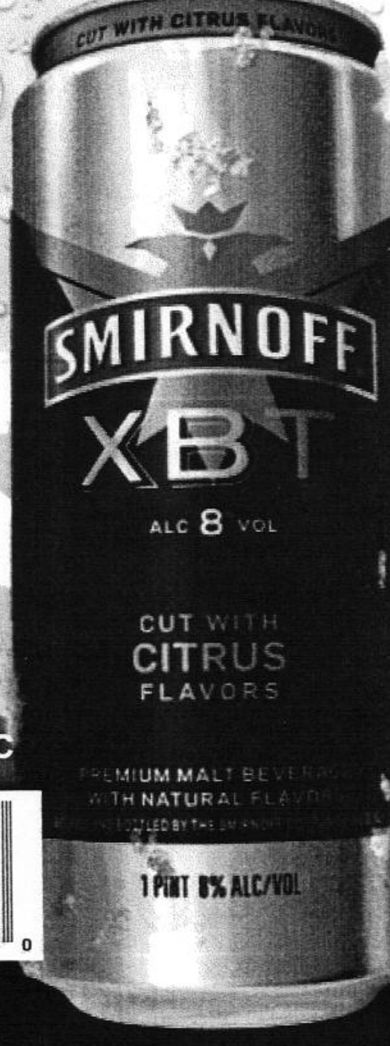
EXPERIENCE A BOLD CITRUS FLAVOR BALANCED WITH A CRISP REFRESHING TASTE

KEY BENEFITS

- SMIRNOFF XBT has already tested very positively among primary C-store shoppers, males 24–34.[3]
- DGUSA innovation is driving the growth of Progressive Adult Beverages (PABs), capturing 64% of PAB new-item sales dollars in 2008.[1]



Offering a new "grab & go" flavor experience for consumers, a new profit opportunity for you in the CAN



- 16 oz. Single Serve
- 16 oz. 4-Pack

Single Serve UPC

0 82000 74698 0

4-Pack UPC

0 82000 74700 0

Note: SMIRNOFF XBT should never be placed in the non-alcoholic energy drink section.

[1] IRI, F&D, 52 weeks ending 12/28/08; all PAB items introduced during 200

[2] Nielsen, 52 weeks ending 12/20/08 and 52 weeks ending 12/20/08

[3] Tampa and Baltimore focus groups, 2008

Southern California

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7-ELEVEN FOASC MEMBERSHIP BENEFITS

National Coalition: Free Membership

Activities:

Quarterly Members Stated Meetings

Monthly Board of Directors Meetings *(e-mail the office at foasc711@yahoo.com or Mr. Dhaliwal at kmd1948@yahoo.com if you would like to participate as an observer).*

Trade Show

Annual Golf Tournament *(Supports our Scholarship program)*

Holiday Party

Scholarship Program: Open to Franchisees dependent children and grandchildren. One $8000.00 four year scholarship per year, Multiple $2000.00 Grants, and Multiple $500 Awards. Contact Scholarship Chairperson, Barry Gauthier at 714-637-0307 or call or e-mail the office.

Workers Compensation: The most competitive group rates in the state through John Barbot Services. Call 1-888-505-7110.

Accounting: Free Consulting Services by Ser.Vis.Etc. Contact Norm Winslow at 559-251-0717 or Richard Schwarz at 562-438-6832.

Credit Union: Free Membership to South Western Credit Union. Membership can save you thousands of dollars in auto financing fees as well as offering many additional benefits. Call 562-694-8296 and mention that you are a member of 7-Eleven Franchise Owners Association of Southern California.

Wage Hour Consultant: Human Resources program specializing in wage/ hour and labor issues through C.P.E. HR Corp. Call 800-850-7133 and ask for Thi Ha or Michael Holmes.

Communications: We will continue to be involved at all levels of communications with 7-Eleven Inc. We will continue to analyze and monitor programs, policies and important developments within our franchise system.

7-Eleven Ombuds Program: A confidential, neutral, informal resource established to help the franchisees and SEI raise and resolve issues without fear of retaliation and with the confidence that the issue will remain "off the record". Call 1-866-711-2221 from 8 a.m.- 6 p.m. Central Standard Time.

The Greatest Benefit: In the final analysis, the only justification for creating an association is to be of service to our members, consequently the greatest benefit may very well be to 'be there, when you need us'. Feel free to contact the association at foasc711@yahoo.com anytime, or contact any Director listed in *Perspective*.

7-Eleven F.O.A.S.C.- MEMBERSHIP APPLICATION

The undersigned hereby applies for membership in the 7-Eleven Franchise Owners Association of Southern California, with the understanding that I/we am entitled to receive a copy of the By-laws upon receipt of the initiation fee, and upon acceptance into the Association as a full member. I/we further understand that I/we have a seventy-two (72) hour recession period (from the date below) in which to change my mind about joining this Association and will receive my initiation fee in full, if I/we exercise this right. The initiation fee to join the association is $100.00, with $15.00 monthly dues.

My check/money order for $100 payable to the Association as an initiation fee accompanies this application.

HOME INFORMATION

Name:____________________

Spouse's Name:____________________

Home Address:____________________

City:__________ State:__________ Zip:__________

Home Phone #: (____)__________ Cell Phone #: (____)__________

E-mail Address:____________________

STORE INFORMATION

Market Area:__________ Store Number:__________

Store Address:____________________

City:__________ State:__________ Zip:__________

Store Phone #: (____)__________ Fax #: (____)__________

Date franchisee acquired store:____________________

Date:______/______/______.

Franchisee(s) signature(s):____________________

First Store - Accounting Authorization

Date:______/______/______.

Market Area:____________________

Store Number:____________________

I/We____________________franchisee(s) of the 7-Eleven Store locate

at____________________

have joined the 7-Eleven Franchise Owners Association of Southern California and do hereby authorize 7-Eleven, Inc., DBA 7-Elev Stores, to charge $15.00 initiation fee and $15.00 monthly dues to my open account #97. This authorization is to be effective until writt notification by me/us to terminate this deduction. The check is to be made payable to:

7-Eleven Franchise Owners Association of Southern California
11145 Tampa Avenue, Suite 12B
Northridge, CA 91326

Franchisee(s) signature:____________________

Store Stamp

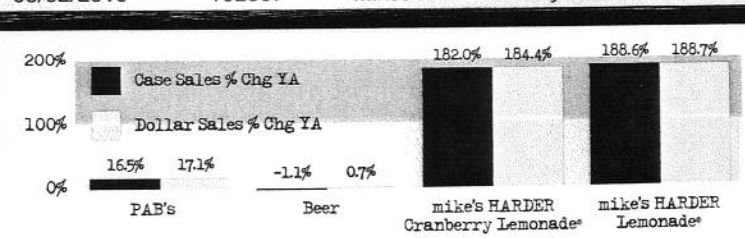
mike's HARDER black cherry lemonade™ 16oz 8% 4pk
6 35985 25857 5

mike's HARDER black cherry lemonade™ 16oz 8% 4pk Tray
6 35985 25870 4

mike's HARDER black cherry lemonade™ 16oz 8% Can
6 35985 01012 8

mike's HARDER black cherry lemonade™ 16oz 8% 24 Loose Tray
6 35985 25897 1

FOD	SLIN	ITEM DESC
08/02/2010	102357	Mikes Hrdr BlkCherry 16zCn



* IRI Data, Custom US Food Drug Liquor Convenience Ending June 27, 2010 ** IRI Data, Custom Convenience, ending July 11, 2010

mike's HARDER FRUIT PUNCH™

6 35985 25893 3 — 23.5 oz. Can

6 35985 25921 3 — 24 Loose Tray

mike's HARDER MANGO PUNCH™

6 35985 25891 9 — 23.5 oz. Can

6 35985 25892 6 — 24 Loose Tray

FOD	SLIN	ITEM DESC
09/06/2010	102392	Mikes Hrdr FruitPunch 23.5zCn
09/06/2010	102393	Mikes Hrdr MangoPunch 23.5zCn